

## Message Text

UNCLASSIFIED

PAGE 01 OTTAWA 02563 101900Z

14

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-03 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15

USIA-15 FEA-01 ERDA-07 AID-05 CEA-01 CIEP-02 COME-00

FPC-01 INT-05 OMB-01 SAM-01 OES-05 STR-04 TRSE-00

FRB-01 /109 W

----- 001478

R 101815Z JUL 75

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 6913

UNCLAS OTTAWA 2563

E.O. 11652: N/A

TAGS: ENRG, EFIN, CA

SUBJECT: REDUCTION IN CRUDE OIL EXPORT TAX

1. FOLLOWING ARTICLE BY JEFF CARRUTHERS APPEARED IN JULY 10  
ISSUE OF TORONTO GLOBE AND MAIL UNDER HEADLINE "OTTAWA CUTS  
OIL EXPORT CHARGE":

BEGIN QUOTE

THE FEDERAL GOVERNMENT WILL REDUCE THE CRUDE OIL EXPORT CHARGE  
BY \$1.50 A BARREL STARTING IN AUGUST, TO REFLECT THE RECENT  
INCREASE OF \$1.50 A BARREL IN THE DOMESTIC PRICE OF OIL AT  
THE PRODUCER LEVEL.

THE CHARGE WILL BE \$3.20 A BARREL FOR LIGHT OILS AND LIQUID  
CONDENSATES AND \$2.70 A BARREL FOR LLOYDMINISTER-TYPE HEAVY  
OILS SOLD TO THE UNITED STATES.

THE CURRENT CHARGES ARE \$4.70 AND \$4.20 A BARREL RESPECTIVELY  
BUT EXPORTERS CAN CLAIM A REBATE OF \$1.50 A BARREL FROM THE  
NATIONAL ENERGY BOARD FOR ALL CRUDE OIL EXPORTS IN THE EXPORT  
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 OTTAWA 02563 101900Z

PIPELINE SYSTEM ON OR AFTER JULY 1, THE DATE THE NEW DOMESTIC

WELLHEAD PRICE OF \$8 A BARREL CAME INTO EFFECT.

THE REBATE SYSTEM AMOUNTS TO THE SAME THING AS THE LOWER AUGUST EXPORT CHARGE BUT IT ENSURES THAT ONLY HIGHER-PRICED DOMESTIC OIL IS ELIGIBLE FOR THE ADJUSTED LOWER EXPORT CHARGE.

THE NEB ESTIMATES THAT DURING JUNE, CRUDE OIL EXPORTS AVERAGED ABOUT 743,000 BARRELS A DAY, COMPARED WITH MUCH LOWER LEVELS IN MAY BEFORE THE OIL EXPORT PRICE WAS DISCOUNTED BY AN AVERAGE OF 80 CENTS A BARREL. END QUOTE.

2. NEB SOURCE CONFIRMED ACCURACY OF CARRUTHERS ARTICLE AND SAID GOC ACTION MIGHT RESULT IN SOME "WINDFALL PROFITS" FOR EXPORTERS WHO SHIP CRUDE OIL PRODUCED IN JUNE AFTER JULY 1. (HIS ESTIMATE FOR SUCH PROFITS WAS C\$15 MILLION.)

3. AS EXPLAINED BY NEB SOURCE, LOWERING OF EXPORT TAX IS DOMESTIC TAX ADJUSTMENT TO REFLECT INCREASED DOMESTIC PRODUCER OIL PRICE ANNOUNCED BY FINMIN TURNER IN JUNE 23 BUDGET AND WILL NOT RPT NOT AFFECT PRICE OF CRUDE OIL TO U.S. CUSTOMERS. JOHNSON

UNCLASSIFIED

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** EXPORTS, PETROLEUM, TAXES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 10 JUL 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975OTTAWA02563  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750239-0458  
**From:** OTTAWA  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19750769/aaaacjnd.tel  
**Line Count:** 82  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EB  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** SmithRJ  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 13 JAN 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <13 JAN 2003 by ThomasVJ>; APPROVED <16 MAR 2004 by SmithRJ>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** REDUCTION IN CRUDE OIL EXPORT TAX  
**TAGS:** ENRG, EFIN, CA  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006